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DIRECTORATE OF  
INTELLIGENCE

# *Central Intelligence Bulletin*

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Communist China: Factional fighting apparently has been affecting some military weapons programs.

In a speech on 17 January to representatives of national defense industries, research institutes, and schools, Premier Chou En-lai deplored the damage caused during the Cultural Revolution. The speech was published in an unofficial Red Guard publication, but appears authentic. In the speech, Chou said that military industries were exceptionally faction-ridden and he told their representatives: "I implore you to change the chaotic state of anarchism. You have quarreled and fought for a year and a half."

He said that conditions in a certain ministry were especially chaotic, and told the "September 15" and "September 16" factions in this ministry to stop fighting by the end of the month. Groups with these names have been in conflict since 1966 in the Seventh Ministry of Machine-building, believed to be responsible for producing missile components. Chou said that some factory equipment in this ministry had been damaged.

The Premier has alluded before to difficulties created by "revolutionary" activities in defense industries, but this is the most comprehensive statement on the subject attributed to him.

Work has continued in the advanced weapons program despite disorders created by the Cultural Revolution. In all defense industries in which production can be gauged, output dropped in 1967. The Cultural Revolution played some role in this decline, although the exact extent cannot be determined. [REDACTED]

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Communist China - UK: Peking has turned a deaf ear to recent British proposals to improve relations.

A Chinese Foreign Ministry spokesman asserted on 8 March that the Hong Kong problem was the crux of Sino-UK relations and that any discussion of a "normalization" of relations must include the colony. He complained that many Communists are still in prison in Hong Kong and that "necessary arrangements" have not yet been made to guarantee the rights of Chinese residents in Hong Kong, including the right to study Mao and engage in other "patriotic activities."

The Chinese have restricted British diplomats to Peking itself and are holding the British Reuters correspondent under house arrest. These tactics seem primarily aimed at forcing concessions on Hong Kong.

While Peking means to keep the Hong Kong issue alive, its decision not to publicize the 8 March oral demarche suggests that it will probably avoid provocative tactics.

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In what is probably a related move to maintain pressure on the UK, Communist China announced on 12 March that two employees of a British engineering firm were being detained on charges of spying for the UK.

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Poland: Widely scattered street demonstrations are continuing and the party is beginning to single out scapegoats.

Students sympathetic to the Warsaw demonstrators clashed with police in Krakow and Poznan on 13 March, and in Lublin the day before. Nonviolent student demonstrations have also occurred in Lodz and Gdansk. In Warsaw itself, however, no new disturbances were reported yesterday.

The party's propaganda is taking on an increasingly anti-intellectual and anti-Semitic slant. The shift apparently is being exploited, if not instigated, by the party faction led by Interior Minister Moczar. The official veterans' organization, one of Moczar's main political bases, has blamed "Zionists," allied with the US and West Germany, for fomenting the unrest, and declared that such "provocateurs" will be "punished irrespective of the posts they hold."

Three lesser ranking officials of Jewish origin, whose children allegedly were involved in the demonstrations, have already been fired. More dismissals are probably imminent.

The open appeal to chronic anti-Semitism seems to signal a major effort by the hard-line, nationalistic, and anti-Semitic Moczar faction to rid the party of its Jewish segment. The ouster from the party-state apparatus of those Jews who are pro-Gomulka moderates would strengthen Moczar's hand.

It does not appear that Moczar is using the unrest in an attempt to unseat party leader Gomulka now, but Gomulka's position seems weaker than before the riots began. Whether or not he sanctions it, his name is being linked to statements, issued at local levels on party orders, harshly condemning the students.

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Gomulka has not been seen in public nor heard from since the riots broke out six days ago. His failure to provide visible leadership could be used against him by any faction seeking to gain control of the party.

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Egypt: A series of militant speeches to army units this week points up Nasir's deepening pessimism about the UN mission and his concern over domestic unrest.

The speeches, as broadcast by Cairo radio, do not rule out an eventual political solution to the Arab-Israeli impasse, but stress the need for military preparedness by the Arabs. Nasir's bitterness and frustration over the course of the Jarring mission are evidenced by his accusations that the US and Israel are trying to "humiliate the Arabs" and force them to accept Israeli peace terms. Nasir said he was "not optimistic about the political talks," and often referred to the need for strengthening Arab armies. Nasir did admit in one speech that "no US planes attacked our country" during the June war.

In referring to Egypt's internal problems, Nasir again minimized the recent demonstrations. His remarks did not, however, indicate the nature of the "changes" he has promised to announce in the near future. The public is reportedly awaiting these with skeptical anticipation. Nasir's stress on the external pressures being applied to Egypt is an attempt to dampen internal unrest by playing up the threat facing Egypt, an old Nasir stratagem. The speechmaking tour itself was probably an effort to mend his fences with the military.

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Panama: Opposition forces have drawn up a timetable for completing impeachment proceedings against President Robles in the next two weeks.

The National Assembly is reading some 530 pages of evidence into the record before voting to impeach Robles. The reading is one of the parliamentary delaying tactics the government is using to drag out the debate as long as possible.

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[redacted] the Assembly majority plans to impeach Robles by the end of this week, begin his trial on 22 March, and find him guilty by 26 March. A vote to suspend Robles during the trial appears unlikely. The opposition reportedly prefers to await the final verdict, at which time the Assembly would issue orders to National Guard Commandant Vallarino to replace Robles with the pro-Arias first vice president.

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If Vallarino refuses, Arias plans to call for street demonstrations and a general strike. \*Should violence occur it appears likely Vallarino might use the guard to install himself as head of a provisional regime.

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Guyana-Surinam: Tension within the Guyanese government over the border dispute with Surinam is growing.

Diplomatic efforts to resolve the dispute are moving slowly, and Prime Minister Burnham has received no indication that Surinam police units within the disputed area would be withdrawn if he agreed to pull back Guyanese forces. He is growing more concerned that the Surinamers' presence will soon become known to the Guyanese public.

Adding to Burnham's border troubles is yesterday's announcement by Venezuela that Foreign Minister Iribarren will go through with a long-planned protocol visit to Surinam on 15 March. Venezuela claims over half of Guyana and the timing of the visit will increase Burnham's desire to oust the Surinamers and head off domestic criticism that he failed to protect Guyana's territory in the face of concerted foreign pressure.

Burnham has agreed to forgo armed action for a few more days and continue diplomatic maneuvers, but unless some gesture to withdraw the Surinam units is made he is likely to take direct action to oust them.

[REDACTED]

NOTES

\*Czechoslovakia: There may be violence on the streets of Prague today if students from Slovakia and Moravia attempt to petition President Novotny to resign. Students at Charles University in Prague have been warned by the university officials to stay aloof from their out-of-town brethren, and the best organized and most militant of the Prague students deny that they plan to take part. Before heading for Novotny's official residence, the visiting students apparently will attempt to establish their credentials as loyal Czechoslovaks by delivering a protest about US involvement in Vietnam to the US Embassy. [REDACTED]

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Europe: The Communist-run World Federation of Democratic Youth in Budapest has called upon its affiliates to organize "1000 demonstrations" around the world in the month beginning 24 March. The demonstrations will be aimed at the US position on Vietnam and could lead to violence against US property in Scandinavia and elsewhere in Western Europe where radical "new left" groups are already conducting or preparing for Vietnam protest demonstrations. The federation also will promote a meeting during the next few weeks between "representatives of progressive American and Vietnamese youths." [REDACTED]

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Cyprus: The Turkish Cypriots and Ankara have responded warily to President Makarios' lifting of economic and travel restrictions on the Turkish Cypriot community. Turkish Cypriots still must have permits from their leaders to leave their enclaves. The Turkish Cypriot leaders probably will continue to limit intercommunal contact, out of fear that their rigid control of the community would deteriorate. Makarios still bans ambassadorial contact with Turkish Cypriot Vice President Kucuk, but Western diplomats nevertheless plan to call on Kucuk Saturday. [REDACTED]

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Guatemala: Terrorism, probably Communist-led, is increasing in Guatemala City. The residence of the US Marine embassy guard detachment was bombed during the evening of 12 March causing minor damage. Earlier that day a city official's car was bombed and one policeman was killed and another wounded in the downtown section. Those responsible have not been identified but probably are members of the Communist Rebel Armed Forces, which has the capability for hit-and-run actions in Guatemala City.

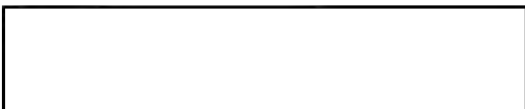
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